

Opening Statement of
the Honorable Larry Craig,
Senator from Idaho and Chairman,
U.S. Senate Special Committee on Aging

**Hearing on “Strengthening Social Security: What
Can We Learn from Other Nations?”**

May 18, 2004

Good morning. We are here today to learn how other nations are working to strengthen their “Social Security” systems.

The world is aging. Birth rates are declining. People are living longer. The worker to retiree ratio is declining across the globe. The result is that public pension systems around the world are increasingly under pressure.

Over the next decades, the world will see a growing share of economic resources transferred from the young to the old. Much of this transfer will occur through public pension systems. The challenge for industrialized nations is how to provide

a decent standard of living for the old without overburdening the young.

Japan and Europe are on the leading edge of aging populations compared to the United States.

Many nations have undertaken or are in the middle of enacting reforms to secure the retirement income of retirees. The pace and approach to reform differs by nation.

Many of the largest industrialized economies have generally opted to increase taxes and cut benefits.

About thirty nations have chosen, in whole or in part, to increase the rate of return on assets by enacting pre-funded personal retirement accounts.

As the United States considers personal retirement accounts to strengthen Social Security, it

is important that we learn what other nations are doing.

And so, we are here this morning to improve our understanding and to build a record so we, in Congress, can move forward with the best available information.

With that, I am very pleased to welcome our witnesses to the Aging Committee.

We have on our first panel, two distinguished government officials from the United States and Japan to help us better understand what is being done to strengthen Social Security around the world.

On panel one is Jim Lockhart, Deputy Commissioner of the U.S. Social Security Administration and Mr. Yoshinori Ohno, a member of the Japanese House, and Chairman of the Liberal Democratic Party's Research Commission on the

Annuity System.

Joining us today on the second panel will be Vincent Truglia, Managing Director of the Sovereign Risk Unit at Moody's Investor Services; **Axel** Boersch-Supan, Director, Institute for Economic Research, University of Mannheim in Germany; David Harris, Director, Watson-Wyatt Worldwide in London; and Jacobo Rodriquez, Financial Services Analyst at the Cato Institute.

I want to thank all of our witnesses for being here today, and I look forward to hearing your testimonies.